UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

TIFFANY (NJ) INC. and TIFFANY AND COMPANY,

Plaintiffs,

v.

eBAY INC.,

Defendant.

04 Civ. 4607 (KMK)

TIFFANY'S MEMORANDUM OF LAW IN OPPOSITION TO DEFENDANT'S MOTION *IN LIMINE*

ARNOLD & PORTER LLP
Attorneys for Plaintiffs
399 Park Avenue
New York, New York 10022
(212) 715-1000

TABLE OF CONTENTS

Page

TABLE OF AUTHORITIES ii

PRELIMINARY STATEMENT 1

STATEMENT OF FACTS 2

ARGUMENT 5

POINT I ADMISSION OF THE TRADEMARKS WOULD NOT UNFAIRLY PREJUDICE eBAY OR UNDULY DELAY THE TRIAL 5

A. eBay Cannot Demonstrate Unfair Prejudice 6

1. Because eBay Had Notice of the "New" Trademarks from the Outset of This Action, eBay Is Not Prejudiced 7

2. eBay Was Not Denied the Ability to Pursue Discovery Concerning the "New" Trademarks 11

3. eBay Is Not Prejudiced by the Absence of Citation to Any of the Trademarks in the Pretrial Order 12

B. The Risk of a Possibly Higher Damage Award Is Not the Type of Prejudice That Would Trigger Rule 403 14

C. The Admission of the "New" Trademarks Would Not Delay Proceedings in This Action 15

POINT II THE INTERESTS OF JUSTICE SUPPORT INTRODUCTION OF ALL OF TIFFANY'S REGISTERED TRADEMARKS 15

CONCLUSION 17

TABLE OF AUTHORITIES

Page(s)

CASES

Constantino v. David M. Herzog, M.D., P.C.,
203 F.3d 164 (2d Cir. 2000)....14

Dollar v. Long Mfg., N.C., Inc.,
561 F.2d 613 (5th Cir. 1977),
cert denied, 435 U.S. 996 (1978)....14

Exxon Corp. v. Exxene Corp.,
696 F.2d 544 (7th Cir. 1982)....12

Fingermates, Inc. v. Nailtique Cosmetic Corp.,
42 U.S.P.Q. 2d 1248 (D.N.J. 1996)....7, 16

Geremia v. First National Bank of Boston,
653 F.2d 1 (5th Cir. 1981)....12

Gulf States Utilities Co. v. Ecodyne Corp.
635 F.2d 517 (5th Cir. 1981)....6

Home Depot U.S.A., Inc. v. G & S Investors/Willow Park, L.P.,
Nos. 98-CV-6719 (TCP ARL), 00-CV-676 (TCP ARL),
2005 WL 3018701 (E.D.N.Y. Nov. 7, 2005)....5

Howey v. United States,
481 F.2d 1187 (9th Cir. 1973)....6

In re WorldCom, Inc. Securities Litigation,
No. 02 Civ. 3288 DLC
2005 WL 375314 (S.D.N.Y. Feb. 17, 2005)....14

John McShain, Inc. v. Cessna Aircraft Co.,
563 F.2d 632 (3d Cir. 1977)....15

Keith v. Volpe,
858 F.2d 467 (9th Cir. 1988),
cert. denied, 493 U.S. 813 (1989)....16

Lamborn v. Dittmer,
873 F.2d 522 (2d Cir. 1989)....12, 13

Middle Atlantic Utilities Co. v. S.M.W. Development Corp.,
392 F.2d 380 (2d Cir. 1968)....6

Morton International, Inc. v. A.E. Staley Manufacturing Co.,
343 F.3d 669 (3d Cir. 2003)....13

NRT Metals, Inc. v. Manhattan Metals (Non-Ferrous) Ltd.,
576 F. Supp. 1046 (S.D.N.Y.1983)....13

NordicTrack, Inc. v. Consumer Direct, Inc.,
158 F.R.D. 415 (D. Minn. 1994)....16

Pesce v. General Motors Corp.,
939 F. Supp. 160 (N.D.N.Y. 1996)....6

Poulson v. Beez Bugeez, Inc.,
No. 84 Civ. 7035 CSH, 1986 WL 11457 (S.D.N.Y. Oct. 3, 1986)....6

Schultz v. Butcher,
24 F.3d 626 (4th Cir. 1994)....6

Shetterly v. Raymark Industrial, Inc.,
117 F.3d 776 (4th Cir. 1997)....12

Sperberg v. Goodyear Tire & Rubber Co.,
519 F.2d 708 (6th Cir.), *cert denied*, 423 U.S. 987 (1975)....5

Trujillo v. Uniroyal Corp.,
608 F.2d 815 (10th Cir. 1979)....12

Tupman Thurlow Co. v. S.S. Cap Castillo,
490 F.2d 302 (2d Cir. 1974)....13

United States v. Chan,
184 F. Supp. 2d 337 (S.D.N.Y. 2002)....5

United States v. International Business Machines Corp.,
87 F.R.D. 411 (S.D.N.Y. 1980)....15

United States v. Mendez-Ortiz,
810 F.2d 76 (6th Cir. 1986),
cert. denied, 482 U.S. 922 (1987)....14

United States v. Smithers,
212 F.3d 306 (6th Cir. 2000)....15

Varveris v. United States Lines Co.,
141 F. Supp. 874 (S.D.N.Y. 1956)....14

OTHER AUTHORITIES

Fed. R. Evid 403 ....6, 15

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

TIFFANY (NJ) INC. and TIFFANY AND COMPANY, Plaintiffs, v. eBAY INC., Defendant.	04 Civ. 4607 (KMK)

TIFFANY'S MEMORANDUM OF LAW IN OPPOSITION TO DEFENDANT'S MOTION *IN LIMINE*

PRELIMINARY STATEMENT

Plaintiffs Tiffany (NJ) Inc. and Tiffany and Company (collectively, "Tiffany") submit this memorandum of law in opposition to the motion *in limine* of defendant eBay Inc. ("eBay").

eBay moves to preclude Tiffany from establishing as part of its claims that eBay infringed and contributorily infringed several registered trademarks that Tiffany did not specifically recite in its First Amended Complaint and the Pretrial Order.[1] eBay's motion is based on the dual contention that it is surprised by the addition of these trademarks to the action and that it would be prejudiced if its motion is not granted.

There was no surprise. As set forth below, and contrary to what eBay contends, the trademarks have always been at issue in this case, and Tiffany has never limited its claims to the specific marks recited in the Pretrial Order. Both the First Amended Complaint and the discovery in this action put eBay on notice of the full array of trademarks that are the basis of Tiffany's claims. Yet, eBay displayed a blithe indifference to those trademarks, essentially declining to pursue any discovery concerning the trademarks themselves or their scope.

---

[1] The marks at issue are ATLAS, ELSA PERETTI, PERETTI, PALOMA PICASSO and the color mark, Tiffany Blue.

Further, there is no unfair prejudice. eBay has the burden of establishing unfair prejudice, but its motion papers are devoid of any evidence of prejudice. Rather, eBay merely complains, without any specificity, that it would have engaged in more discovery. Its conduct belies that claim. eBay also complains that its potential liability for damages will increase, but even were that the case, that consequence cannot constitute unfair prejudice.

Because eBay cannot demonstrate that it is entitled to any relief, the motion should be denied in its entirety.

STATEMENT OF FACTS

eBay has long been on notice that this case involves the sale of counterfeit goods bearing marks other than TIFFANY, TIFFANY & CO. and T & CO.[2]

Paragraph 12 of the Amended Complaint begins with the statement:

> TIFFANY and TIFFANY & CO. are subject to the following registrations, *among many others*, on the Principal Register in the United States Patent and Trademark Office: . . . .

See Declaration of Lori Schiffer, dated May 18, 2007 ("Schiffer Decl."), Ex. A ¶ 12 (emphasis supplied). That statement is followed by a listing of four registrations containing the word "TIFFANY" and one for "T & CO." and two registrations for design marks only, one for the

[2] eBay complains of the "addition" in Tiffany's Proposed Findings of Fact of Tiffany owned or licensed trademarks that bear the brands names: ATLAS, ELSA PERETTI, PERETTI and PALOMA PICASSO. eBay also complains of the "addition" of packaging and "collateral material" bearing the Tiffany trademarked distinctive blue color.

"bean design" of Elsa Peretti and the other for the "X design" of Paloma Picasso."[3] *See* Declaration of Erik Walsh, dated June 1, 2007 ("Walsh Decl."), Exs. A-D.

Paragraph 1(b) of Tiffany's prayer for relief seeks a judgment:

> (1) preliminarily and then permanently enjoining and restraining defendant . . . from assisting in or contributing to the offering for sale, sale, advertising and/or promotion in the United States of (a) jewelry bearing the TIFFANY, TIFFANY & CO., or T & CO. trademarks, except for genuine merchandise that in its entirety has been made, sponsored or approved by plaintiffs; [and] (b) *any other jewelry or other merchandise that bears trademarks that are confusingly similar to or dilutive of plaintiffs' registered trademarks* . . . ."

See Schiffer Decl., Ex. A at 12 (emphasis supplied).

Consistent with the inclusive language of the First Amended Complaint, Tiffany's discovery requests sought information pertaining to trademarks in addition to the Core Trademarks. For example, Tiffany's First Request for the Production of Documents and First Set of Interrogatories (each dated October 22, 2004) sought information concerning items, including packaging, bearing the "Tiffany Marks" sold on eBay. In those discovery requests, Tiffany defined "Tiffany Marks" to include:

> [T]he distinctive blue coloring often described as 'robin's egg blue' that is the subject of United States Patent and Trademark Office registration numbers 2,359,351; 2,416,794; 2,416,795; and 2,184,128, and any marks or colors that are confusingly similar to those trademarks.

See Walsh Decl., Ex. E at 2 & Request Nos. 4-11, 13 & 15; Ex. F at 2 & Interrogatories 1-5.

eBay did not object to or otherwise challenge these definitions. *Id.*, Exs. G-H. Moreover, eBay did not limit its own discovery requests to the Core Trademarks. For example, in its First Request for the Production of Documents, dated October 25, 2004, eBay sought

[3] For convenience, the marks listed in paragraph 12 are referred to as the "Core Trademarks."

discovery on Tiffany trademarks "including, but not limited to" the Core Trademarks. *Id.*, Ex. I at 2.

Before as well as after the litigation began, Tiffany conducted "buying programs" during which "Tiffany" merchandise offered for sale on eBay was randomly selected for purchase and then inspected to determine whether it was genuine. During those two programs, a total of 325 pieces of jewelry and the accompanying packaging were purchased and inspected. Although the search term used to determine eligible merchandise was simply "Tiffany sterling", 45 of the pieces purchased illegitimately used the marks ATLAS, PERETTI, ELSA PERETTI and/or PALOMA PICASSO. *Id.* ¶ 15. The pertinent information relating to all of the merchandise purchased in the two programs was entered on spreadsheets, including the ATLAS, PERETTI, ELSA PERETTI, and PALOMA PICASSO marks described above. *Id.*, Exs. J and K. Tiffany produced those spreadsheets to eBay in discovery, *id.* ¶¶ 13-14, along with the eBay screenshots corresponding to the items, which listed the marks being advertised. *Id.* ¶¶ 16-18. A representative sample is annexed as Exhibit L (listing for "Tiffany Atlas Sterling Silver and Rubber Bracelet"), Exhibit M (listing for "Tiffany & Co. Paloma Picasso Loving Heart Necklace") and Exhibit N (listing for "Tiffany & Co. Large Elsa Peretti Crucifix Necklace") to the Walsh Declaration.

Tiffany also designated the buying program spreadsheets as trial exhibits in the Joint Pretrial Order, which was submitted to the Court in October 2006. *Id.* ¶¶ 13-14. eBay did not raise any objections to those exhibits. *Id.*, Ex. O at 14. In addition, representative specimens of the physical evidence described above have been designated as trial exhibits in the Joint Pretrial Order. *Id.* ¶ 20, Ex. P.

eBay deposed several witnesses concerning the buying programs and the results thereof, including Mary Grasso, Ewa Zalewska, George Callan (twice) and Robert Headley. At no time did eBay ask any questions concerning these marks, nor did it even request to inspect the original merchandise, packaging etc., that had been purchased.

In sum, eBay cannot establish "surprise" because Tiffany seeks to offer evidence concerning its non-Core Trademarks, nor can it establish that discovery concerning them was blocked in any manner.

ARGUMENT

Motions *in limine* are subject to a high standard of proof. *See, e.g., Sperberg v. Goodyear Tire & Rubber Co.*, 519 F.2d 708, 712 (6th Cir.) ("Orders in limine which exclude broad categories of evidence should rarely be employed. A better practice is to deal with questions of admissibility of evidence as they arise."), *cert. denied*, 423 U.S. 987 (1975); *Home Depot U.S.A., Inc. v. G & S Investors/Willow Park, L.P.*, No. 98-CV-6719 (TCP ARL), 2005 WL 3018701 at *9 (E.D.N.Y. Nov. 7, 2005). "Evidence should be excluded on a motion *in limine* only when the evidence is clearly inadmissible on all potential grounds. Indeed, courts considering a motion *in limine* may reserve judgment until trial, so that the motion is placed in the appropriate factual context." *United States v. Chan*, 184 F. Supp. 2d 337, 340 (S.D.N.Y. 2002) (citations omitted).

POINT I

ADMISSION OF THE TRADEMARKS WOULD NOT UNFAIRLY PREJUDICE eBAY OR UNDULY DELAY THE TRIAL

eBay seeks to preclude Tiffany from barring its claims on certain of Tiffany's trademark registrations. eBay contends that, unless the motion is granted, it will be unfairly prejudiced, and that Rule 403 of the Federal Rules of Evidence mandates that such relief be granted. *See* eBay's

Memo at 1. A review of both the record facts, as well as eBay's failure to specify how it would be prejudiced, demonstrates that eBay's motion has no basis.

A. **eBay Cannot Demonstrate Unfair Prejudice**

Because the evidence at issue will not be shown to a jury, eBay's "unfair prejudice" argument under Rule 403 is misplaced. In a bench trial, the question of unfair prejudice under Rule 403 "has no logical application." *Schultz v. Butcher*, 24 F.3d 626, 632 (4th Cir. 1994) ("in the context of a bench trial, evidence should not be excluded under 403 on the ground that it is unfairly prejudicial."); *Gulf States Utilities Co. v. Ecodyne Corp.*, 635 F.2d 517, 519 (5th Cir. 1981) ("excluding relevant evidence on the basis of 'unfair prejudice' is a useless procedure").

Rule 403 provides that, "[a]lthough relevant, evidence may be excluded if its probative value is substantially outweighed by the danger of unfair prejudice, confusion of the issues, or misleading the jury, or by considerations of undue delay, waste of time, or needless presentation of cumulative evidence." According to eBay, inclusion of the trademarks would "implicate both prejudice and undue delay" under Rule 403. *See* eBay's Memo at 3. eBay is wrong on both points.[4]

[4] To the extent that eBay suggests that the "addition" of the eleven "new" trademarks constitutes an attempt to amend Tiffany's Complaint, *see* eBay's Memo at 4, eBay is mistaken. As set forth above, paragraph 12 of the First Amended Complaint listed a number of trademarks "among many others". Given notice pleading, no amendment is necessary. However, even if the Court were to find that Tiffany – by listing in its Proposed Findings of Fact each specific trademark registration concerning which Tiffany intends to produce evidence at trial -- is seeking to amend the complaint or modify the pretrial order (which it is not), such amendment or modification would be appropriate for the same reasons set forth above in the discussion of Rule 403. *See Pesce v. General Motors Corp.*, 939 F. Supp. 160, 166 (N.D.N.Y. 1996) (pure monetary increase of damages held not prejudicial to defendant); *Poulson v. Beez Bugeez, Inc.*, No. 84 Civ. 7035 CSH, 1986 WL 11457 at *1 (S.D.N.Y. Oct. 3, 1986) (increased amount of damages "do[es] not ordinarily impose any prejudice on an opposing party since judgments under Rule 54(c) are not bound by the relief prayed for in the pleadings. Damages are proved at the trial, not in the pleadings." (citation omitted)); *Howey v. United States*, 481 F.2d 1187, 1190 (9th Cir. 1973) (allowing amendment after five-year interval and on second day of trial); *Middle Atlantic Utilities Co. v. S.M.W. Development Corp.*, 392 F.2d 380, 384 (2d Cir. 1968) (mere delay is an insufficient ground for denying leave to amend; allowing amendment after three-year interval and notice of trial readiness).

The only basis for the purported "prejudice" that can be gleaned from eBay's motion is: (1) Tiffany's introduction of the trademark registrations came "too late," leaving eBay without the opportunity to conduct unspecified discovery on the "new" trademarks; and (2) there is a possibility that eBay may be subject to an increased damages award. Neither of these assertions constitutes undue prejudice.

It is not enough for a party to claim that it would be disadvantaged when it asserts that it would be unfairly prejudiced by the insertion of new facts into a case. "[T]he asserted prejudice must amount to more than mere inconvenience to the non-moving party. Instead, the non-moving party must establish that the amendment 'unfairly disadvantage[d] or deprive[d] [it] of the opportunity to present facts or evidence which it would have offered had the amendments been timely." *Fingermates, Inc. v. Nailtiques Cosmetic Corp.*, 42 U.S.P.Q.2d 1248, 1250 (D.N.J. 1996) (citations omitted). Delay by itself does not constitute such prejudice. *Id.* Nor does increasing the potential amount of damages for which a party may be liable constitute such prejudice. *See* this Memo at 14, *infra*. It is eBay's burden to establish that it would be unfairly prejudiced, and eBay cannot meet that burden.

1. Because eBay Had Notice of the "New" Trademarks from the Outset of This Action, eBay Is Not Prejudiced

Contrary to eBay's assertion, this action involves, and always has involved, each of the trademarks listed in Tiffany's Proposed Findings of Fact. eBay's contention that this action is limited only to the Core Trademarks specifically identified in the First Amended Complaint is based upon the faulty premise that this list is limited and exclusive. *See* eBay's Memo at 1-2. eBay makes the same faulty assertion with respect to the discovery requests made in this action and the Pretrial Order. *See id.* A review of each of these documents, however, establishes that this action has always been about all of the infringed upon Tiffany owned or licensed trademarks available on eBay.

In reviewing eBay's contention and its lack of factual basis, it is important to understand the factual context of the additional trademark registrations. None of those trademarks are used in isolation or by themselves. They are all used in concert with the "TIFFANY" and "TIFFANY & CO." trademarks; they are all elicited by searches on eBay for "Tiffany" goods. The additional trademarks relate to specific designs or brands sold exclusively by Tiffany, all of which are always accompanied by the Tiffany mark itself. Thus, the citation of those trademarks in the Proposed Findings of Fact does not introduce any new issues or facts into this action. Both the Core Trademarks and these additional trademarks are simultaneously infringed by the sale of the counterfeit goods on eBay. None of those facts should come as a surprise to eBay.

In its First Amended Complaint, Tiffany sets forth its Core Trademarks, i.e., seven examples of Tiffany owned or licensed registrations that are included in the terms "TIFFANY" and "TIFFANY & CO." as used therein. *See* Schiffer Decl., Ex. A ¶ 12. These Core Trademarks are some of the most commonly infringed upon Tiffany owned or licensed trademarks on eBay, but there are many more, almost always appearing in conjunction with auctions that infringe the Core Trademarks. This fact is evident in Paragraph 12 of the First Amended Complaint, which indicates that the list is not meant to be exclusive or exhaustive. It states: "TIFFANY and TIFFANY & CO. are subject to the following registrations, *among many others* . . . ." *Id.* ¶ 13 (emphasis added). Further, Tiffany's requested relief involves more than just the Core Trademarks:

> WHEREFORE, plaintiffs pray for a judgment: (1) preliminarily and then permanently enjoining and restraining defendant . . . from assisting in or contributing to the offering for sale, sale, advertising

> and/or promotion in the United States of (a) jewelry bearing the TIFFANY, TIFFANY & CO., or T & CO. trademarks, except for genuine merchandise that in its entirety has been made, sponsored or approved by plaintiffs; [and] (b) *any other jewelry or other merchandise that bears trademarks that are confusingly similar to or dilutive of plaintiffs' registered trademarks* . . . .

Id. at 12 (emphasis added).

Further, two of the Core Trademarks specifically put eBay on notice that Tiffany was relying on a group of trademarks beyond those bearing variations of the mark "Tiffany" itself. Those two trademarks are the design marks created by the famous designers Elsa Peretti and Paloma Picasso and known as the Elsa Peretti "Bean design" and the Paloma Picasso "X design". *See* Walsh Decl., Exs. A-D. They are clearly related to some of the "new" trademarks that are at issue in this motion, namely the word marks ELSA PERETTI, PERETTI and PALOMA PICASSO. The Peretti and Picasso design marks and the broad language in both Paragraph 12 and the Prayer for Relief enabled eBay to know that those marks, among many others, are included within Tiffany's claims.

eBay's assertion that both parties' discovery focused exclusively on the Core Trademarks is incorrect. Tiffany's document requests and interrogatories to eBay sought information concerning items sold on eBay bearing Tiffany's trademarked distinctive blue coloring and on packaging bearing the trademarked color (or colors confusingly similar thereto). *See* this Memo at 3. Nor did eBay itself limit its discovery requests to the Core Trademarks. *See id.* at 3-4, *supra.* eBay defined "Tiffany Marks" as including, "but not limited to" the Core Trademarks. *See id.*

eBay also asserts that Tiffany's claims are limited to the Core Trademarks because Tiffany used only the search term "Tiffany" when searching the eBay website. *See* eBay's Memo at 2. As would a typical individual using eBay, Tiffany employed the search term

"Tiffany" when it monitored eBay for the sale of counterfeits. As eBay acknowledges, *see id.*, Tiffany's Buying Programs, which established that approximately 75% of "Tiffany" silver jewelry on eBay is counterfeit, also used the search term "Tiffany" to select items for purchase. eBay makes the unjustified logical leap that, given the use of this search term, this action must therefore implicate only the Core Trademarks. *See id.* at 1-2.

That claim is also based on a false premise. As eBay should know, use of the search term "Tiffany" generates results for listings offering jewelry bearing numerous Tiffany owned or licensed trademarks. Among these are ATLAS, PERETTI, ELSA PERETTI and PALOMA PICASSO. Tiffany has disclosed evidence of the infringement of these marks on eBay throughout the course of discovery. For example, the charts tracking all the relevant data from Tiffany's Buying Programs include the listing title of the item purchased. In the two Buying Programs, Tiffany purchased a total of 45 items that bore those specific trademarks.[5] Walsh Decl. ¶ 15, Exs. J-K. Additionally, Tiffany has produced the eBay screenshots corresponding to those items. *Id.*, Exs. L-M. Numerous additional items included replicas of Tiffany's packaging bearing its "blue" mark.

Furthermore, use of the search term "Tiffany" generates results for counterfeit Tiffany merchandise that commonly is accompanied by counterfeit Tiffany packaging. Such packaging bears Tiffany's trademarks and/or Tiffany's trademarked distinctive blue coloring (or marks confusingly similar thereto). eBay long has been aware of Tiffany's focus on counterfeit packaging, as revealed by Tiffany's discovery requests. Moreover, Tiffany has designated counterfeit packaging purchased on eBay as trial exhibits in connection with the Joint Pretrial Order. *See* Walsh Decl., ¶ 20, Ex. P.

---

[5] eBay wrongly claims that Tiffany did not "attempt to authentic merchandise listed as ELSA PERETTI, PERETTI or PALOMA PICASSO." *See* eBay's Memo at 2 n.1. As the Buying Program charts indicate, Tiffany did discover and disclose such instances of counterfeit goods. *See* Walsh Decl., Exs. J-K.

2. eBay Was Not Denied the Ability to Pursue Discovery Concerning the "New" Trademarks

eBay cannot establish that it will suffer any unfair prejudice because of the additional trademarks listed in Tiffany's Proposed Findings of Fact. eBay claims that, had the "new" trademarks been identified earlier, "the parties might have been able to address them properly, and conduct relevant discovery." eBay's Memo at 3. It is unclear what eBay means by "address them properly," or how this could constitute prejudice – or unfair prejudice – in any event. What is clear, however, is that eBay had the opportunity but did not conduct any discovery on these "new" trademarks.

Prior to the filing of this motion, eBay never showed any interest in the trademarks underlying Tiffany's claims. Despite the inclusive language in the Amended Complaint, *see* Schiffer Decl., Ex. A ¶ 12, during the entire course of discovery, eBay never served a document request or an interrogatory, or asked any questions during the many depositions, about the scope of the trademarks that Tiffany alleges that eBay infringed. *See* Walsh Decl. ¶ 11. Indeed, in its motion, eBay does not even identify what discovery it would have requested had Tiffany specifically listed these "new" trademarks earlier.

Moreover, assuming *arguendo* that these registrations have not been part of the action, Tiffany's specification of the eleven "new" trademark registrations in the Proposed Findings of Fact does not constitute undue unfairness. As discussed above, those "new" marks relate to the same conduct, transactions and occurrences at issue in each count of the First Amended Complaint. Since no new conduct or transactions are implicated by these additional trademarks, there is nothing more that eBay had to do in discovery or to prepare for trial. *See Exxon Corp. v. Exxene Corp.*, 696 F.2d 544, 547-48 (7th Cir. 1982) (introduction at trial of 13 trademark registrations not listed in pretrial order held not to be prejudicial when party had time to prepare a response to such evidence). The only potential consequence of these trademark registrations being at issue is the amount of damages, which, as discussed below, does not constitute undue prejudice.

3. eBay Is Not Prejudiced by the Absence of Citation to Any of the Trademarks in the Pretrial Order

Because eBay had the ability to seek discovery with respect to all trademarks that were the subject of the First Amended Complaint, eBay may not seek to preclude introduction of evidence regarding the additional trademarks on the ground that they were not specifically identified in the Pretrial Order. Prior to the parties preparing and submitting the Pretrial Order, eBay was unrestrained in its ability to pursue discovery. By the time that the parties submitted the Pretrial Order, all discovery had been completed and the inclusion or exclusion of the additional trademark registrations could not have had any impact on whatever discovery eBay had already pursued.

"Proper pretrial orders are indeed powerful, but even at their best they should be 'liberally construed to cover any of the legal or factual theories that might be embraced by their language.'" *Trujillo v. Uniroyal Corp.*, 608 F.2d 815, 818 (10th Cir. 1979) (citation omitted); *see Shetterly v. Raymark Industries, Inc.*, 117 F.3d 776, 784 (4th Cir. 1997) (interpreting language in pretrial order to include claim not specifically listed therein); *Geremia v. First National Bank of Boston*, 653 F.2d 1, 5 (5th Cir. 1981) (interpreting ambiguous statement in pretrial order broadly). A pretrial order is not intended to function as "an inflexible straightjacket on the conduct of litigation or to produce an abstract, perfect equivalence between the pretrial papers and the course of the litigation; instead, it [is] intended to insure the efficient resolution of cases and, most importantly, minimize prejudicial surprise." *Lamborn v. Dittmer*, 873 F.2d 522, 527 (2d Cir. 1989). For that reason, the Second Circuit rejected the attempt in *Lamborn* to use the pretrial order as a basis for denying the plaintiff the ability to introduce an additional claim – the court found that the defendant had been on notice to the claim because of the prior proceedings in the action. *Id.*

Accordingly, when a defendant is not surprised or prejudiced, a plaintiff may introduce evidence not specifically listed in a pretrial order. *See Tupman Thurlow Co. v. S.S. Cap Castillo*, 490 F.2d 302, 309 (2d Cir. 1974) (when litigant was able to cope with evidence not identified in pre-trial order, it was not error to admit that evidence); *NRT Metals, Inc. v. Manhattan Metals (Non-Ferrous) Ltd.*, 576 F. Supp. 1046, 1053 (S.D.N.Y.1983) (although pre-trial order is binding on parties, issue should not be foreclosed when complaining party had meaningful opportunity to address the evidence and therefore could not claim surprise and unfairness); *cf. Morton International, Inc. v. A.E. Staley Manufacturing Co.*, 343 F.3d 669, 684 (3d Cir. 2003) (adjudication of claim not listed in pretrial order held proper when plaintiff raised claim in statement of facts and brief and thereby gave defendant notice of claim).

eBay cannot fairly argue that Tiffany's claims for trademark infringement are limited to the Core Trademarks and do not include the "new" trademarks. Nor can eBay fairly argue, in light of the discovery throughout the case and the submission of the findings of fact well prior to trial, that it is surprised or unfairly prejudiced by the inclusion of all of the applicable Tiffany trademarks in the Pretrial Order.

B. The Risk of a Possibly Higher Damage Award Is Not the Type of Prejudice That Would Trigger Rule 403

According to eBay, the introduction of the "new" trademarks raises the possibility that – presuming that Tiffany elects statutory damages and that the Court, in its discretion, awards the maximum of such damages – a higher damage award may be assessed against eBay. *See* eBay's Memo at 4-5. Although such a result would be adverse to eBay, it is not enough to preclude introduction of these trademarks into the case.[6]

eBay is required to establish that it would be "unfairly" prejudiced. *See Constantino v. David M. Herzog, M.D., P.C.*, 203 F.3d 164, 174-75 (2d Cir. 2000) (explaining that the "unfairness" contemplated under Rule 403 "involves some adverse effect beyond tending to prove a fact or issue that justifies admission."). Although introduction of trademark registrations might be prejudicial, as is generally the case with all evidence introduced against an opposing party,[7] it is not unfair to inform the Court of the scope of trademark violations eBay is alleged to have committed. The risk of increased damages by the admission of such evidence does not rise to the level of unfair prejudice. *See In re WorldCom, Inc. Securities Litigation*, No. 02 Civ. 3288 DLC, 2005 WL 375314, *8 (S.D.N.Y. Feb. 17, 2005) (testimony supporting an award of damages in amount of approximately $17 billion did not constitute unfair prejudice); *Varveris v. United States Lines Co.*, 141 F. Supp. 874, 875 (S.D.N.Y. 1956) (prejudice "does not flow from proper exposure to the damages proved").

---

[6] Such a result, however, is unlikely. Whether Tiffany elects to pursue an accounting of eBay's profits for the counterfeit goods pursuant to 15 U.S.C. § 1117(a)(1) or statutory damages under 15 U.S.C. § 1117(c), the number of counterfeit items considered by the Court should not increase. That outcome is likely because all of the "new" marks appeared in conjunction with the Core Trademarks.

[7] "Virtually all evidence is prejudicial or it isn't material." *Dollar v. Long Mfg., N.C., Inc.*, 561 F.2d 613, 618 (5th Cir. 1977). *See also United States v. Mendez-Ortiz*, 810 F.2d 76, 79 (6th Cir. 1986) ("'Unfair prejudice,' as used in Rule 403, does not mean the damage to a defendant's case that results from the legitimate probative force of the evidence; rather, it refers to evidence which tends to suggest decision on an improper basis." (citations omitted)), *cert. denied*, 480 U.S. 922 (1987).

C. The Admission of the "New" Trademarks Would Not Delay Proceedings in This Action

eBay contends that Tiffany's delay in identifying the additional trademarks by itself mandates preclusion. *See* eBay's Memo at 3-4. As shown above, the marks were all identified during the course of the discovery period. In any event, eBay's assertion is based on a misinterpretation of Rule 403. Rule 403 does not require preclusion unless eBay establishes, at a minimum, that denial of its motion *in limine* would burden the resources of this Court, delay the trial or constitute a waste of time. eBay cannot make any such showing.

eBay contends that the specification of the additional trademark registrations in the Proposed Findings of Fact is too late. Yet, such conduct is not the type of undue "delay" that is contemplated by Rule 403. *See United States v. Smithers*, 212 F.3d 306, 316 (6th Cir. 2000) ("the term 'delay' does not connote delay in the submission of motions or proffers; rather, it encompasses the prolonging of the length of the trial, and can be read properly in conjunction with the other exclusionary factors: 'waste of time, or needless presentation of cumulative evidence.'"); *John McShain, Inc. v. Cessna Aircraft Co.*, 563 F.2d 632, 636 (3d Cir. 1977) (reception of reports into evidence would have involved a lengthy inquiry into admissible hearsay and authenticity); *United States v. International Business Machines Corp.*, 87 F.R.D. 411, 415 (S.D.N.Y. 1980) (discussing delay under Rule 403 in the context of lengthening the time of trial).

POINT II

THE INTERESTS OF JUSTICE SUPPORT INTRODUCTION OF ALL OF TIFFANY'S REGISTERED TRADEMARKS

The narrow reading of the pleadings and Pretrial Order advocated by eBay is not in the interests of justice. As discussed above, Tiffany's pleadings and the discovery process gave eBay sufficient notice that the trademark registrations at issue in this case were not limited to those specifically listed in the pleadings, much less only those containing the word "Tiffany."

Permitting the admission into evidence of all of Tiffany's previously identified trademark registrations would serve judicial economy. Tiffany could commence a second action regarding the additional trademarks. Yet, it would be pointless to impose such a burden on the parties and the Court when the gravamen of the second action would be the very same transactions at issue in this action. Further, this Court has an interest in resolving all of Tiffany's trademark claims against eBay that arise from the sale of counterfeit goods on the eBay website. *See Keith v. Volpe*, 858 F.2d 467, 473 (9th Cir. 1988) (adding claims into a pending proceeding "promote[s] the economical and speedy disposition of the controversy"), *cert denied*, 493 U.S. 813 (1989). Requiring Tiffany to litigate infringement of its "new" trademarks in a separate action "would waste judicial resources as well as the resources of the parties." *See Fingermates, Inc. v. Nailtique Cosmetic Corp.*, 42 U.S.P.Q.2d 1248 at 1251 (allowing addition of additional trademark registrations when the claims relating to such registrations they were inextricably intertwined with the existing claims); *NordicTrack, Inc. v. Consumer Direct, Inc.*, 158 F.R.D. 415, 422 (D. Minn. 1994) (allowing supplementation of Lanham Act claims seeking relief from additional advertisements not listed in the complaint when no further discovery was required and the trial would not be delayed).

Thus, in light of the fact that no additional discovery is required and the trial would not be delayed by the introduction of these trademarks, it is in the interest of judicial economy to permit Tiffany's additional trademarks to be included in the claims that this Court is to determine.

CONCLUSION

For the foregoing reasons, eBay's motion *in limine* should be denied in its entirety.

Dated: New York, New York
June 1, 2007

Respectfully submitted,

ARNOLD & PORTER LLP

By:______________________

James B. Swire (JS-5996)
H. Peter Haveles, Jr. (HH-8230)
Eleanor M. Lackman (EL-3668)
Erik C. Walsh (EW-2765)
399 Park Avenue
New York, New York 10022
(212) 715-1000

Attorneys for Plaintiffs

CERTIFICATE OF SERVICE

I, Anthony D. Boccanfuso, the undersigned attorney at law duly admitted to practice in the State of New York, respectfully show that on the 1st day of June, 2007, the annexed **TIFFANY'S MEMORANDUM OF LAW IN OPPOSITION TO DEFENDANT'S MOTION *IN LIMINE*** was served by hand delivery upon:

Mark Fiore, Esq.
WEIL GOTSHAL & MANGES LLP
767 Fifth Avenue
New York, NY 10153

Anthony D. Boccanfuso